



# ARIZONA DEPARTMENT OF PUBLIC SAFETY

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*"Courteous Vigilance"*

JANET NAPOLITANO ROGER VANDERPOOL  
Governor Director

September 4, 2008

The Honorable Janet A. Napolitano  
Governor of Arizona  
1700 W. Washington St.  
Phoenix, AZ 85007

**Subject: FY 2010 & FY 2011 Budget Requests**

Dear Governor Napolitano:

The enclosed documents represent the FY 2010 and FY 2011 budget requests for the Arizona Department of Public Safety. As you directed, our requests consist solely of "continuation" budget issues that address critical on-going programs, contractual obligations, and cost increases.

My staff and I stand ready to work with you and the Governor's Office of Strategic Planning and Budgeting to prepare a budget for consideration during the next legislative session.

Thank you for your continued support of the Department.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Vanderpool", written in a cursive style.

Roger Vanderpool  
Director

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Encls.

# Arizona Department of Public Safety FY 2010 & FY 2011 Budget Issues



**Summary** – The following issues represent the Arizona Department of Public Safety’s requests for appropriated funding adjustments for FY 2010 and FY 2011. The FY 2010 request equates to an increase of \$16.7 million or 6.5%. The FY 2011 request equates to a \$15.9 million increase above FY 2009 or 6.2%. Additional information on some issues will be provided at a later date.

**Microwave Upgrade** – DPS owns and operates a statewide radio system for its own use and for the use of other State agencies (DOC, ADOT, Game & Fish, Parks, etc.). The system is comprised of over 70 towers which broadcast radio signals in their immediate areas. Microwave signals transmit communications from tower to tower and to dispatch centers to allow communication between towers. For redundancy, the microwave paths are configured in three independent loops (south, west, and north). If one tower goes down, the microwave signal can be rerouted in the opposite direction to maintain communications for the bulk of the affected loop.

The radio system’s analog microwave equipment is 20 to 30 years old and is no longer supported by manufacturers. In addition, it is becoming increasingly unreliable. DPS must upgrade the system to digital technology or it and other users will face a loss of essential communications. The DPS microwave system is also expected to form the “backbone” of a statewide interoperable communications system being developed by the Public Safety Communications Commission and its partners. If the microwave system is not upgraded, this important public safety project cannot be completed.

The microwave upgrade for the south loop has been fully funded through a combination of appropriated funds and federal funds. Work on the south loop is expected to be completed by the end of FY 2009. DPS now needs funding to begin work on the west loop.

The Department estimates the cost of the west loop to be \$12,227,800 and is requesting this funding over a three-year period, as shown in the following table. Due to the nature of this project, DPS requests that each appropriation be made non-lapsing to allow for potential delays and for work activities which span two fiscal years.

## West Loop Microwave Upgrade

Fiscal Year	Amount
FY 2010	\$4,829,600
FY 2011	4,198,600
FY 2012	3,199,600
<b>TOTAL</b>	<b>\$12,227,800</b>

As with the south loop, the cost figures include new microwave technology, as well as new towers and support buildings where the existing structures are inadequate or degraded. The cost figures also include \$2,000,000 for new electronics and consoles for DPS’ three dispatch centers. Through diligent cost control and partnerships with other agencies, the projected cost for the west loop upgrade has been substantially reduced from the original estimate of \$15.9 million. This project has an approved Project Investment Justification (PIJ) through the Information Technology Authorization Committee (ITAC).

**Highway Patrol Fund Revenue Deficit** – The Highway Patrol Fund has been “over appropriated” for a number of years, thus forcing DPS to absorb ever-increasing revenue deficits. The situation has been exacerbated in recent years by declining revenues from the Insurance Premium Tax (IPT), the major revenue source for the Fund. In FY 2008, IPT revenues declined by (1.6)% and were (6.1)% below forecast. The Department of Insurance is expecting IPT revenues to further decline by (5%) in FY 2009 and by an additional (2.5)% in FY 2010 before stabilizing in FY 2011.

The Highway Patrol Fund’s accounting is complicated by the fact that there are three sub-accounts within the Fund. Of these, the General Sub-account is in significant deficit, while the Concealed Carry Weapons (CCW) Sub-account and the Vehicle Impound Sub-account have positive balances. Collectively, the three sub-accounts are in deficit for FY 2009, and this will only worsen in FY 2010 and FY 2011 as IPT revenues decline.

The General Sub-account can effectively be used for any DPS purpose; the CCW Sub-account must be used only for the CCW program; and the Vehicle Impound Sub-account can only be used for costs associated with impounded vehicles. For FY 2009, the General Sub-

# Arizona Department of Public Safety FY 2010 & FY 2011 Budget Issues

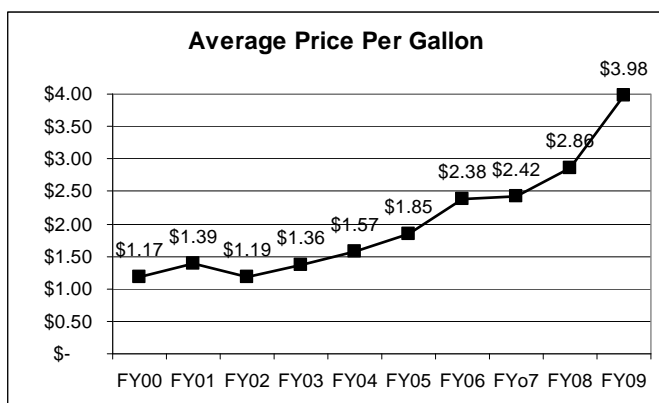


account faces an estimated deficit of \$(3,644,600). This can be partially offset by the use of \$1,500,000 from the Vehicle Impound Sub-account. However, this still leaves a deficit of \$2,144,600 which DPS will have to absorb, largely by holding sworn and civilian positions vacant.

In order to address this unintended budget cut in FY 2010 and FY 2011, DPS requests a reduction to the Highway Patrol Fund appropriation of \$(2,783,600) in each year. In order to offset this reduction, the Department requests a corresponding increase in General Fund monies in each year.

**Motor Vehicle Fuel Special Line Item** – As shown in the following graph, fuel prices have risen dramatically in the past 9 years. In FY 2008, the Department paid an average of \$2.86 per gallon and incurred a fuel budget deficit of \$(799,400). In July 2008, DPS paid \$3.82 per gallon for motor vehicle fuel. At this level, and based on normal seasonal fluctuations, the Department anticipates paying an average of \$3.98 per gallon in FY 2009. The projected fuel budget deficit is \$(2,661,500).

DPS requests an increase of \$2,661,500 in FY 2010 and FY 2011 to cover the projected FY 2009 deficit. The Department believes that fuel prices are too volatile to predict expenditures beyond FY 2009 and is just seeking to cover the projected current year deficit. Without this increase, the Department will have to hold open additional sworn and civilian positions or further cut back on replacing equipment.



In addition to the funding increase, the Department is requesting a fund shift of \$231,000 between the Motor

Vehicle Fuel Special Line Item and the Criminal Investigation Program. The shift would exchange Highway Patrol Fund monies for General Fund monies. This simple shift has no overall funding implication but would significantly simplify the internal accounting for this Special Line Item.

**Sworn Pay Adjustments** – Based on an August 2008 survey, the average base salary (excluding performance pay) of a sworn DPS employee is 17.8% behind market (defined as the average of the five highest salaries paid by county and local law enforcement agencies in Arizona). If not addressed, this situation will exacerbate the Department's current challenges with recruitment and retention.

DPS currently ranks no better than 20th in senior officer pay statewide, behind significantly smaller agencies such as the Apache Junction, Maricopa, and Sierra Vista police departments. Among the 16 agencies with over 100 sworn employees, DPS ranks 11<sup>th</sup> in senior officer pay. Together, the 16 largest agencies represent almost 79% of all sworn personnel in the State.

## Maximum Officer Salaries of Agencies with over 100 Sworn Employees

Pay Rank	Agency	Salary	# of Sworn
1	Scottsdale	\$76,981	433
2	Chandler	\$73,694	314
3	Surprise	\$73,570	106
4	Tempe	\$73,000	338
5	Mesa	\$72,238	831
6	Peoria	\$71,351	170
7	Gilbert	\$70,748	221
8	Glendale	\$68,418	370
9	Phoenix	\$67,600	3,151
10	Maricopa CSO	\$63,003	763
11	DPS	\$62,660	1,214
12	Pinal CSO	\$62,254	186
13	Tucson	\$60,986	1,056
14	Yuma	\$59,844	156
15	Pima CSO	\$59,238	538
16	Yavapai CSO	\$56,012	132

Notes: Salary data from August 2008 survey; # of sworn from "Crime in Arizona, 2007."

The Department requests continued funding of the Executive's multi-year plan to improve DPS sworn

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salaries. The requested increase of \$1,274,100 would equate to an average pay increase of about 1%. This request is consistent with a statement in the FY 2009 General Appropriations Act (Laws 2008, Chapter 285) which says: "It is the intent of the Legislature that in fiscal year 2009-2010 the remaining \$1,274,100 will be appropriated for sworn officer pay to complete the five-year officer pay plan".

**Annualize Photo Enforcement Vendor Payments** – Laws 2008, Chapter 286 requires DPS to implement a statewide photo enforcement program on Arizona's highways. The Department has contracted with a vendor for the installation and operation of the cameras and intends to have 100 mobile and fixed camera sites operational by January 2009. The cameras will be placed in areas where collision rates are highest with the intent of reducing collisions through greater compliance with posted speed limits. In addition, some cameras will enforce compliance with traffic signals to reduce collisions at intersections.

Chapter 286 establishes a standard fine of \$165 for speed violations. Fine monies are to be deposited to the Photo Enforcement Fund, which is subject to appropriation. In FY 2009, \$22,534,300 is appropriated from the Fund to DPS. Of this amount \$2,173,000 is for DPS costs and \$20,361,300 is for vendor costs.

Based on figures utilized by the Executive and Legislature in crafting the photo enforcement initiative, the State anticipates 428,839 paid violations in FY 2009. When the program is annualized in FY 2010, paid violations are anticipated to grow to 571,785, an increase of one third.

In order to fund the annualized cost of the program, DPS requests an increase of \$6,787,100 from the Photo Enforcement Fund in FY 2010 and FY 2011 for payments to the vendor, which will be paid a fee for each paid violation. As the system becomes operational, we will develop more precise operating cost figures for consideration during the legislative session.

**Annualize DPS Photo Enforcement Costs** – As with the appropriation for vendor payments, the appropriation for DPS operating costs will need to be increased to

properly management this complex, statewide system. In FY 2010 and FY 2011, the Department expects a minimum increase of 33%, or 142,946, more violations issued than in FY 2009.

To accommodate the greater activity, DPS requests 6 additional FTE Positions and an increase of \$715,200 from the Photo Enforcement Fund in FY 2010. The requested increase is net of a \$(545,200) reduction to eliminate one-time equipment funded in FY 2009. In FY 2011, the requested increase above FY 2009 is \$323,700 after eliminating \$(391,500) in one-time FY 2010 equipment. The DPS photo enforcement staffing plan is as follows:

### Photo Enforcement Staffing Plan

	Current	Requested	Total
Lieutenant	1	0	1
Sergeant	2	4	6
Officer	6	2	8
Support	3	0	3
<b>TOTAL</b>	<b>12</b>	<b>6</b>	<b>18</b>

The DPS staff will serve quality control and contract management functions, as well as interacting with numerous courts statewide and other stakeholders (such as the public, the Arizona Department of Transportation, and law enforcement agencies). In addition, the officers assigned to the Photo Enforcement Program will pursue violators who do not pay their fines or make required court appearances.

**Officer Pay Plan** – This request funds the normal salary progression for 49 Highway Patrol officer positions first authorized in FY 2005 and FY 2007. The officers occupying these positions are scheduled to go from the minimum pay level of \$45,955 to the midpoint pay level of \$55,169 or from the midpoint level to the maximum pay level of \$64,383. All figures include 2.75% in performance pay.

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## Scheduled Officer Salary Progression

# of Ofcs.	Year Authorized	Min. to Mid.	Mid. to Max.
14	FY 2005	FY 2008	FY 2011
35	FY 2007	FY 2010	FY 2013

In FY 1994, the Legislature approved and funded a three-step plan for all DPS officers. Since then, the Legislature has provided the necessary funding to move officers in newly funded positions through the range at the required 3-year intervals. Without the additional funding, the Department may have to hold positions vacant to cover the salary cost increases. The FY 2010 cost of the progression is \$436,900, with an additional \$174,800 needed in FY 2011.

**Automated Fingerprint System Maintenance** – In FY 2007, DPS upgraded the 10-year-old Arizona Automated Fingerprint Identification System (AZAFIS) to the next generation of technology. This new system is being paid for with lease-purchase financing over five years (FY 2007 through FY 2011) at an annual payment of \$1,339,500.

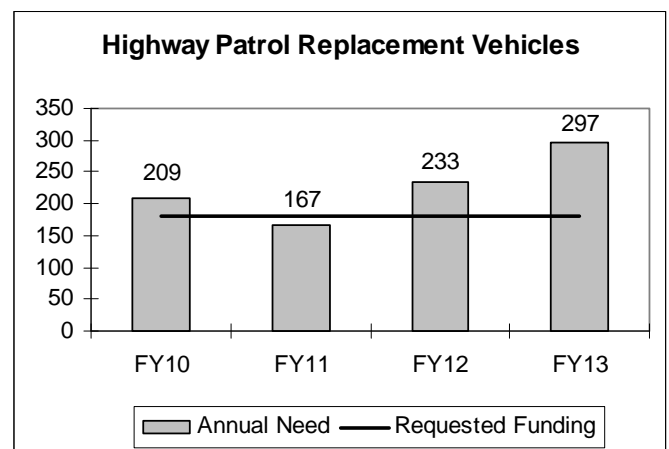
In the new system's first full year of operation (FY 2008), maintenance charges were significantly reduced as the system was under warranty. The reduced maintenance costs allowed DPS to under-expend the appropriation for AZAFIS by \$690,600. Beginning in FY 2009, however, the Department must pay the full, contractual maintenance charges for the system.

The Department requests increases of \$128,500 in FY 2010 and \$188,000 in FY 2011 from the Automated Fingerprint Identification Fund for the required maintenance costs.

**Restore DNA Funding** – The FY 2009 General Appropriations Act reduced the Department's DNA arrestee testing budget by \$(600,000) from the General Fund. However, this testing program is solely funded from surcharges on fines and penalties deposited to the DNA Fund. Furthermore, the \$(7,800,300) General Fund reduction for the crime lab (to be made up with fees) has eliminated all General Fund support for the crime lab. For these reasons, it appears the DNA testing reduction

was an inadvertent "double cut" of the crime lab's budget. The Department requests that this funding be restored for FY 2010 and FY 2011 using monies from the Criminal Justice Enhancement Fund (CJEF).

**Highway Patrol Replacement Vehicles** – Based on annual mileage of 20,000 per vehicle, there will be a need to replace 209 Highway Patrol vehicles (each with over 100,000 miles) in FY 2010 and 167 vehicles in FY 2011. At an estimated price of \$37,103 per vehicle (including build-up, extended warranty, and fire suppression system costs), the current budget of \$6,780,000 would purchase 182 vehicles per year. Over the two-year period, this level of funding would produce a slight deficit in vehicle replacement needs (364 replacement vehicles versus the need for 376); however, given the State's budget situation, DPS is requesting a continuation of the current funding level. Looking ahead to FY 2012 and FY 2013, funding will need to increase substantially to replace miled-out vehicles.



**Crime Lab Replacement Equipment** – The Scientific Analysis Bureau operates sophisticated equipment to analyze all types of cases from toxicology to DNA to materials analysis such as paint and fibers. The value of this equipment exceeds \$3.5 million. In today's rapidly changing technological environment, this equipment quickly becomes obsolete with repair parts unavailable. The manufacturers of these sophisticated instruments estimate the number of repair parts that will be needed for five years and stock this amount before retooling for the next advanced equipment model. In order to maintain reliable instruments, a five-year schedule for

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replacement should be maintained – costing at least \$700,000 per year.

Prior to FY 2008, this issue had been funded at less than the required level, generating a backlog of equipment to be replaced. In FY 2008, the appropriation was increased to \$700,000. The Department requests continued funding of this item at its current level. The following tables reflect the planned replacements for FY 2010 and FY 2011.

### FY 2010 Crime Lab Equipment Replacement Schedule

Item (estimated cost per unit)	Cost
1 Bullet Recovery Tank (\$30,000)	\$ 30,000
1 Liquid Chromatograph/Dual Mass Spectrometers (\$250,000)	250,000
1 Enzyme Linked ImmunoSorbent Assay (\$60,000)	60,000
3 Gas Chromatograph Mass Spectrometers (\$85,000)	255,000
1 Trace Comparison Microscope (\$60,000)	60,000
2 Super Glue/Humidity Chamber (\$12,000)	24,000
3 Hydrogen Generator (\$7,000)	21,000
<b>TOTAL</b>	<b>\$ 700,000</b>

### FY 2011 Crime Lab Equipment Replacement Schedule

Item (estimated cost per unit)	Cost
1 Liquid Chromatograph/Dual Mass Spectrometers (\$250,000)	\$ 250,000
1 Enzyme Linked ImmunoSorbent Assay (\$60,000)	60,000
3 Gas Chromatograph Mass Spectrometers (\$85,000)	255,000
4 Super Glue/Humidity Chamber (\$12,000)	48,000
1 Genetic Analyzer (\$87,000)	87,000
<b>TOTAL</b>	<b>\$ 700,000</b>

**Safety Equipment** – Laws 2005, Chapter 307 established new assessments for persons convicted of operating vehicles, aircraft, and motorized boats while

intoxicated. Until September 26, 2008, the assessments will be deposited to the General Fund. Effective September 26, Laws 2008, Chapter 286 redirects the first \$3,000,000 of the assessments to the Public Safety Equipment Fund and appropriates the monies to DPS for the purchase of “protective body armor,” “electronic stun devices,” and “other safety equipment.” In FY 2009, however, \$500,000 of the funding is redirected to the Arizona Criminal Justice Commission for grants to local law enforcement agencies to purchase fire suppression systems for Ford Crown Victoria police cars.

In recent years, the funding from this program has been invaluable in ensuring that DPS employees have modern, reliable equipment to protect them and the public. The current expenditure plan for FY 2009 is as follows.

### FY 2009 Safety Equipment Expenditure Plan

Item	Estimated Cost
Ballistic Vests	\$ 413,000
Electronic Stun Devices	233,200
Long Rifles	322,800
In-Car Video Cameras	345,000
Training Ammunition	100,000
Helmets, traffic vests, medical equipment, etc.	97,700
Gas Masks	74,500
Mobile Data Computers	580,000
Replacement Handguns	167,300
Communications Equipment	166,500
<b>TOTAL</b>	<b>\$2,500,000</b>

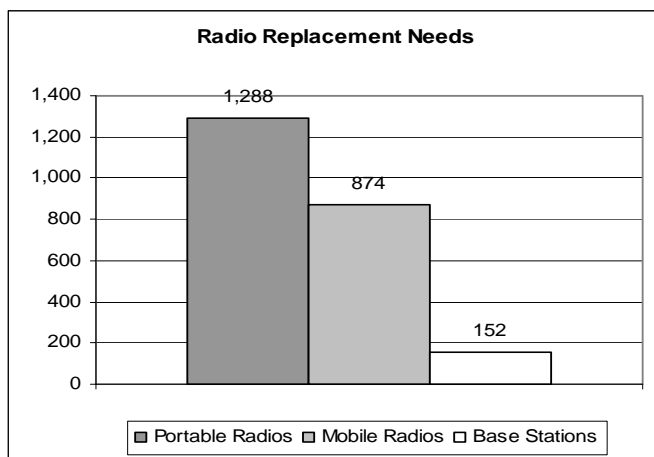
The Department requests an increase of \$500,000 for FY 2010 and FY 2011 to bring the program to the Chapter 286 funding level of \$3,000,000. Prior to FY 2009, the Legislature had made annual appropriations of \$3,000,000 since the program’s inception.

**Radio and Infrastructure Equipment Replacement** – The cost to replace currently out-dated radio equipment and infrastructure greatly exceeds the \$667,300 per year being requested; however, we are limited by the availability of monies and competing priorities.

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The radio replacement program is based on a useful life of 7 years for a portable (hand-held) radio, 10 years for a mobile (in-car) radio, and 15 years for a base station (tower broadcast device). Other equipment (e.g., generators, towers, equipment sheds, test equipment, utility vehicles, and wiring) is replaced on an as needed basis. In FY 2009, the estimated cost of replacing just portable radios (\$2,850 each), mobile radios (\$3,750 each), and base stations (\$15,000 each) that will reach the replacement thresholds is \$8,561,000, after accounting for the expenditure of the FY 2008 appropriation.



Given the State's budget situation, DPS requests that the current funding level merely be maintained, despite the fact that the existing backlog is so large.

**FTE Authority for Photo Enforcement Program** – Laws 2008, Chapter 286 authorized the photo enforcement program outside of the General Appropriations Act and made appropriations for the first year costs of the program. Because these appropriations were made outside of the General Appropriations Act, FTE authority was not included. DPS requests an increase of 12 FTE Positions for FY 2010 and FY 2011 to recognize the on-going employees required to manage this substantial program. Additional FTE Positions and funding are requested in the Annualize Photo Enforcement Vendor Payments and Annualize DPS Photo Enforcement Costs issues.

**GIITEM Non-Lapsing Date Correction** – The FY 2009 General Appropriations Act authorizes \$10,000,000 from the General Fund in the GIITEM Special Line Item for immigration enforcement grants. A footnote states that "The \$10,000,000 is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to the lapsing of appropriations, except that all unexpended and unencumbered monies shall revert on June 30, 2009". In previous General Appropriations Acts, DPS has been given two fiscal years to expend the grant monies. The footnote language would not be necessary if the Legislature's intent was for the appropriation to lapse on June 30, 2009. For these reasons, it appears the date of June 30, 2009 was a drafting error in the bill. DPS requests that the date be changed to June 30, 2010 to allow the monies to be expended over two fiscal years.

**End Helicopter Lease-Purchase** – DPS has been appropriated \$777,000 from the Highway Patrol Fund each year since FY 2007 to make lease-purchase payments on a replacement helicopter. This 3-year financing arrangement will be paid off in FY 2009. Thus, the appropriation can be eliminated for FY 2010 and FY 2011. This appropriation reduction will help reduce pressure on the over-extended Highway Patrol Fund; however, the Department still expects the Fund to be in deficit for FY 2010 and FY 2011 under its current obligations (see Highway Patrol Fund Revenue Deficit issue).